

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 IO-13 ISO-00 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05
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R 160202Z DEC 76
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 2468
INFO AMEMBASSY CANBERRA
USMISSION OECD PARIS
USDEL MTN GENEVA
USMISSION GATT GENEVA
USMISSION EC BRUSSELS

UNCLAS WELLINGTON 4685

C O R R E C T E D C O P Y PARA 1 LINE 1 (13 VICE 3)

E.O. 11652: N/A
TAGS: EALR, ETRD, NZ, AS
SUBJECT: EXPORT TAX INCENTIVES ANNOUNCED

REF: WELLINGTON 4453

1. ON DECEMBER 13 PRIME MINISTER, R MULDOON, ANNOUNCED A
SYSTEM OF EXPORT INCENTIVES TO HELP NZ EXPORTERS OF
MANUFACTURED PRODUCTS SUSTAIN THEIR EXPORTS. THE INCENTIVES
INCLUDE A SPECIAL DEDUCTION FROM TAXABLE INCOME AT A RATE
OF NINE PER CENT, RESTRICTED TO ONE-THIRD OF TOTAL EXPORT
SALES FOR 1976-77 FINANCIAL YEAR (ENDING MARCH 31, 1977),
AND AT THE RATE OF THREE PER CENT FOR 1977-78 FINANCIAL YEAR.
THESE INCENTIVES WILL APPLY ONLY TO THE SAME TYPE OF EXPORTS
THAT NORMALLY QUALIFY FOR THE INCREASED EXPORT
TAXATION INCENTIVE (SEE WELLINGTON A-142, NOVEMBER
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7 1974).

3. THE RESTRICTION TO ONE-THIRD OF EXPORT SALES FOR
1976-77 TAKES ACCOUNT OF THE FACT THAT TWO-THIRDS OF
THE FINANCIAL YEAR HAD ELAPSED AT THE TIME OF THE
AUSTRALIAN DEVALUATION.

3. MOST OF NEW ZEALAND'S MANUFACTURED EXPORTS GO TO
AUSTRALIA. THE DEVALUATION OF THE AUSTRALIAN DOLLAR

BY 17.5 PER CENT ON NOVEMBER 28 STOOD TO JEOPARDIZE
MANY OF THESE EXPORTS. THE NEW ZEALAND DEVALUATION ON
NOVEMBER 29 OF SEVEN PER CENT ONLY PARTIALLY OVERCAME
THIS. AT THE TIME OF NEW ZEALAND'S DEVALUATION THE
PRIME MINISTER MADE KNOWN GNZ'S INTENTION TO ANNOUNCE
ADDITIONAL EXPORT INCENTIVES TO OVERCOME FURTHER THE
DISADVANTAGEOUS POSITION NEW ZEALAND MANUFACTURED
EXPORTS HAD BEEN PUT IN BY THE AUSTRALIAN DEVALUATION.

4. THE GOVERNMENT'S LATEST ACTION FOLLOWED EXTENSIVE DISCUSSIONS
WITH THE NZ MANUFACTURERS FEDERATION.

5. ACCORDING TO MR MULDOON THE INCENTIVES TAKE INTO
ACCOUNT THE SUBSEQUENT REVALUATION BY TWO PER CENT OF THE
AUSTRALIAN DOLLAR ON DECEMBER 7 AND THE AUSTRALIAN TARIFF
CUTS.

6. THE PRESIDENT OF THE NEW ZEALAND MANUFACTURERS
FEDERATION EXPRESSED SATISFACTION WITH THE LATEST GOVERNMENT
MOVES. HE NOTED THAT THESE SHOULD HELP EXPORTS OF NZ
MANUFACTURED PRODUCTS ALSO TO MARKETS OTHER THAN JUST AUSTRALIA.
SELDEN

UNCLASSIFIED

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TAGS: EALR, ETRD, NZ, AS, (MULDOON, ROBERT D)
To: STATE INFO CANBERRA
OECD PARIS
MTN GENEVA
GATT GENEVA
EC BRUSSELS
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